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DEPARTMENT FOR EUR DAS PEKALA AND EUR/NCE DAVID KOSTELANCIK  
AND MICHELLE LABONTE

E.O. 12958: DECL: 03/20/2012

TAGS: [PREL](#) [PGOV](#) [KDEM](#) [HU](#)

SUBJECT: SCENESETTER FOR DAS PEKALA'S VISIT TO BUDAPEST

Classified By: POL/C ERIC V. GAUDIOSI; REASONS 1.4 (B) AND (D)

11. (C) Domestic politics continue to dominate Hungary's public discourse. Parliament is back in session, and the parties are evaluating the impact of the March 15 demonstrations on what all regard as a critical year. Recently elected as President of the Hungarian Socialist Party (MSZP), Prime Minister Ferenc Gyurcsany still faces strong opposition from without ... and often only tepid support from within. With former PM Viktor Orban still at the helm of FIDESZ despite reported challenges from within, the opposition continues its calls for the government to step down, and currently refers to a referendum to be held this fall as the government's last chance to "heed the will of the people."

12. (C) With the exception of energy security, which FIDESZ has seized as a priority, foreign policy issues represent a minor element and remain notably absent in partisan domestic disputes. While EU membership allows the GOH to default to the consensus position on many issues, there is growing ambivalence about the value of EU membership among many Hungarians. This is particularly true when faced with issues such as the current austerity measures included in the government's controversial "convergence plan." Hungary remains selectively active on such issues as Cuba and the Balkans, but often chooses to fly under the radar in their activism, particularly when it comes to neighboring states. Although most people agree that PM Gyurcsany has centralized decision making in the Prime Minister's Office (PMO), it has not had a positive effect on the interagency process, which remains laborious and slow. When an issue does make its way through the interagency process, the GOH still tends to overpromise and underdeliver. The government has taken steps to reorganize the PMO and to encourage the development of both foreign policy and national security strategies, and further reshuffling of the cabinet - potentially to include the Foreign Minister - are in the offing. One constant in our bilateral relationship is that the Visa Waiver Program remains the number one issue.

13. (C) We developed your schedule to maximize opportunities to discuss issues of mutual concern. At this time we have confirmed the following meetings:

- Parliamentary Speaker Katalin Szili. Visa waiver will likely be the main issue on Szili's agenda. Szili has worked to raise her profile in foreign affairs through frequent travel, and invited Speaker Pelosi to attend a June meeting of Balkan parliamentarians in Budapest during her recent trip to Washington. She is, however, somewhat on the outs with her party (MSZP) after challenging Prime Minister Gyurcsany. Szili met with DAS DiCarlo in Budapest earlier this month.

- Newly-appointed Chair of the Foreign and Security Policy Council in the PM's office, Laszlo Valki. Valki is a highly

respected professor of international law and was a surprise appointment to head the new and still vaguely defined Policy Council. Although he has been clear that he is "no Henry Kissinger," we are trying to cultivate our relationship with Valki and his staff. The meeting should provide an opportunity to cover the full range of issues, including Russia, energy security, and missile defense.

- Foreign Affairs Advisor to President Solyom, Ambassador Andras Gulyas. Post has experienced great difficulty in establishing contacts with Solyom's office, as has the MFA. Solyom has developed an independent and often divergent approach to foreign affairs, highlighted by his recent trip to Romania over the March 15 holiday. That said, the VWP has been of central interest to Solyom's office, and this should be a good opportunity to update them on current developments.

Also since Solyom has been vocal in the past on aviation and environment issues, we have invited his office to nominate an officer for the IV Program on aviation and climate change.

- The Parliamentary Foreign Affairs Committee: Chaired by opposition MP Zsolt Nemeth, the committee is working to maintain the spirit of bipartisanship as it establishes an independent voice on foreign policy issues. Nemeth is particularly interested in the issue of ethnic Hungarians abroad, and has clashed with the government in his current position while maintaining good relations with us. He most recently challenged the government over energy security and demanded to see what he called the government's secret plan with Putin on Blue Stream (or, as some FIDESZ staffers call it, "Red Stream.") Nemeth may also take strong exception to our Human Rights Reform, which FIDESZ saw as failing to blame the Gyurcsany government for prompting the fall demonstrations.

- We are setting up a one-on-one, on the record interview with a reporter from a Hungarian daily.

Dinner: The Ambassador will host a dinner on Sunday (3/25). The invitees will include Hungarian government officials from the MFA and Ministry of Justice and Law Enforcement as well as parliamentarians representing a cross-section of the political spectrum. Please note that the schedule for the dinner is very tight and we will need to proceed directly from the airport to the dinner.

On Monday (3/26), the Ambassador will host a dinner for you at her residence with the Embassy Senior Staff. Prior to dinner, you are scheduled to meet with Ambassador Foley for drinks at her residence.

- You will also have occasion to participate in an Embassy town-hall meeting during your visit.

14. (U) We look forward to welcoming you in person.  
FOLEY